

**MINUTES OF MEETING OF THE CORPORATIONS COMMITTEE**  
**July 7, 2006**

A regular meeting of the Corporations Committee (the "Committee") of the Business Law Section of the State Bar of California was held via video-conference at the offices of Pillsbury Winthrop, Los Angeles and San Francisco on July 2, 2006. Attendance was as follows:

**MEMBERS PRESENT:**

Christopher A. Delfino  
Bruce R. Deming  
Nelson D. Crandall\*  
Matthew R. Gemello  
Steven R. Harmon  
Nina L. Hong  
Victor Hsu  
Brian A. Lebrecht  
Barbara Matthews  
Stewart Laughlin McDowell  
William R. Sawyers  
David M. Serepca  
Lemoine Skinner, III  
Jennifer Lynn Sostrin  
Steven B. Stokdyk  
James J. Thompson  
Suzanne L. Weakley  
Brian M. Wong  
Russell J. Wood\*

**MEMBERS ABSENT:**

Curt C. Barwick  
Peter Heinecke  
Deborah J. Ruosch  
Michael A. Occhiolini

**LIAISONS AND GUESTS PRESENT:**

Steve Hazen, Executive Committee  
Larry Doyle, State Bar of California, Office of Government Affairs\*  
Peggy Fairman, Department of Corporations  
Andrew Petillon, Securities and Exchange Commission  
Teri Shugart

\*Via telephone

These minutes summarize discussion primarily in the order items were listed on the Agenda for the meeting previously circulated to members of the Committee, which is not necessarily the order in which the items were actually taken up at the meeting. The Committee did not take up those topics listed on the Agenda that are not described in these minutes.

## **I. ADMINISTRATIVE MATTERS**

1. Opening Remarks and Announcements: The meeting was called to order by Co-Chairs Gemello and Stokdyk at 9:30 a.m. They thanked the members of the Committee in attendance and noted that a quorum was present.

## **II. AGENCY AND LIAISONS' REPORTS**

1. Securities and Exchange Commission: Andrew Petillon reported on recent SEC news and activities, including (i) the Goldstein decision, (ii) the status of the proposed rules relating to executive compensation and the public comment period, and (iii) the announcement of Kathleen Casey as the replacement for Ms. Glassman.
2. National Association of Securities Dealers: No report was provided.
3. Department of Corporations: Peggy Fairman reported on several recent developments at the Department of Corporations.
4. Secretary of State: No report was provided.
5. Corporate Law Departments: No report was provided.
6. Non-Profit Corporations Committee: Bill Sawyers noted the "re-birth" of this committee and looks forward to providing a more detailed report following the committee's first regularly scheduled meeting since September 2005.
7. Partnerships and LLCs Committee: Lemoine Skinner reported that this committee is actively tracking several pieces of legislation, including AB 333.
8. UCC Committee: No report was provided.
9. ADR Committee: No report was provided.
10. Executive Committee: Steve Hazen reported on various Executive Committee matters including the recently-appointed officers for the 2006-07 session.

## **III. SUBCOMMITTEE REPORTS**

1. Legislation:
  - a. Status/Update: Larry Doyle reported on a variety of pending legislative of interest to the Committee.
  - b. California Corporate Disclosure Act: Bruce Deming reported that the ALP would be ready for final submission by July 13.

- c. SB 1207: Matthew Gemello briefly reviewed the status of SB 1207 and the history of the Committee's opposition to that legislation. Stewart McDowell then provided the Committee with an overview of the recent amendments to SB 1207, which now provides for an "opt-in" rather than "mandatory" standard relating to majority voting. Bruce Deming noted for the record his role as counsel to CalPERS, one of the sponsors of SB 1207, and described his client's views on these most recent amendments. A full discussion ensued among the Committee members in attendance, with input from Steve Hazen and Larry Doyle. At the conclusion of such discussion, the Committee resolved (i) to continue the Committee's opposition to SB 1207 but indicate in its opposition that the Committee would be willing to assist the sponsors' efforts to develop majority vote legislation that would work under California law, (ii) authorize the drafting committee comprised of Ms. McDowell and Messrs. Wong and Harmon, with assistance from the Co-Chairs, to finalize an update to its formal opposition paper and submit it to the Executive Committee to commence the requisite approval process, and (iii) authorize the drafting committee to participate in discussions with CalPERS and other SB 1207 sponsors about future amendments. The following resolutions were adopted by a vote of 18 in favor, 1 opposed and 1 abstaining.
2. Communications/Website: Jennifer Sostrin reported that the Committee's website was recently updated to reflect a number of comments provided by the Committee during the preceding 4 months. Members were encouraged to review the site and continue to provide suggestions for improvements.
3. Education/Publications.
  - a. Handbook: Suzanne Weakley and Teri Shugart reviewed with the Committee the comments received from the publications subcommittee of the Executive Committee. A full discussion ensued and, following this discussion, Ms. Weakley and Ms. Shugart agreed to circulate a revised version of the Handbook, along with an explanatory cover memorandum, for resubmission and final Executive Committee approval.
  - b. January SEI Speakers: Suzanne Weakley noted that speakers were needed for the January 2007 SEI program and requested volunteers from the Committee.
4. Litigation. No report was provided.

#### IV. ONGOING PROJECTS

1. Close Corporation Project: No report was provided.
2. ABA Task Force on Attorney-Client Privilege: No report was provided.
3. National Venture Capital Association Model Forms Project: Lemoine Skinner reported that the California adaptations of the NVCA model forms, along with the

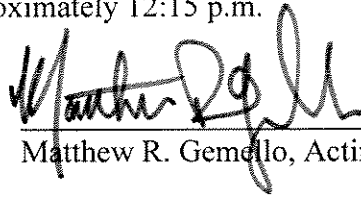
accompanying supplemental/explanatory memoranda, were available for posting on the Committee's website.

4. Venture Capital Opinion Project: Matthew Gemello reported that the subcommittee hoped to have a draft opinion available for review by October 2006.

## **V. NEW BUSINESS**

There was no new business not otherwise discussed in context above.

The meeting was adjourned at approximately 12:15 p.m.

A handwritten signature in black ink, appearing to read "Matthew R. Gemello", is written over a horizontal line.

Matthew R. Gemello, Acting Secretary